



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

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May 3, 2012

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name and title.

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

REPORT BACK ON STARBUCKS' RENT AT THE CIVIC PARK (ITEM NO. 36, AGENDA OF APRIL 17, 2012)

As instructed on April 17, 2012, your Board directed the Chief Executive Office (CEO) to report back on whether Starbucks, located at the Civic Park, is paying rent at a fair market value.

Background

On November 1, 2011, your Board approved and authorized the execution of the Amended and Restated Concession Agreement (Agreement) with Starbucks Corporation to operate a coffee shop concession within the Civic Park. The Agreement was amended and restated to extend the term, allow for tenant improvements, and restructure the revenue sharing allocation due to the relocation and expansion of the coffee shop within the County Mall, as part of the Civic Park Project.

The Agreement reflects a 60 percent increase in the base rent, based on the increase in building square-footage to 1,195 square feet from 750 square feet, and comparative rental space rents. Base rent increased to \$3,585 per month from \$2,250 per month. In addition to the base rent, Starbucks will pay the County 6 percent of gross receipts over \$717,000.

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Each Supervisor
May 3, 2012
Page 2

According to the Face Rent Analysis Report researched by the CEO Real Estate Division in October 2011, retail spaces average between \$1.33 and \$4.04 per square foot, depending on the type of space and inclusion of utilities. Starbucks' rent is currently \$3 per square foot and includes the cost for water service.

If you have any questions regarding this matter, please contact Dawn McDivitt at (213) 974-2620, or Christine Frias at (213) 974-1089.

WTF:RLR:DJT
DKM:CF:cvb

c: Executive Office, Board of Supervisors
County Counsel